

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

**AUDITED FINANCIAL STATEMENTS
AND
SUPPLEMENTAL SCHEDULES**

JUNE 30, 2023

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INDEPENDENT AUDITORS' REPORT

To the President and the Other Members
of the Board of Education of the
Scotia-Glenville Central School District
Scotia, New York

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Scotia-Glenville Central School District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of funding progress – changes in total other post-employment benefits liability and related ratios, and schedule of local government's proportionate share of the net pension liability and contributions on pages 4 through 14 and 53 through 57 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplementary information on pages 58 through 60 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

WEST & COMPANY CPAs PC

Gloversville, New York
October 2, 2023

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2023. This section is a summary of the School District's financial activities based on currently known facts, decisions or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the School District's basic financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

Following is a summary of the District's most significant and meaningful financial aspects for the fiscal year ended June 30, 2023:

- The government-wide assets of the School District were \$93,949,984.
- The government-wide net position (deficit) was \$(91,366,726) at June 30, 2023.
- The District maintained existing district programs for Special Education and Academic Enrichment while maintaining fund balance.
- The District received slightly less (.64%) State Aid funding than was budgeted with overall revenue being slightly favorable (2.79%), primarily due to interest income reflecting rates increasing 450 basis points and increased Medicare D (4-year retro payment) and Medicaid (claiming for psychological services) revenue. Expenditures (including encumbrances) were favorable (6.17%) as employee benefits, energy costs, and certain special education and regular instructional costs were less than anticipated (federal grant subsidies, contractual, staff turnover). Locked in energy pricing attributable to a consortium bid along with heating and energy improvements (related to recent projects) contribute to the energy savings. The tight labor market resulted in difficulty in filling budgetary approved instructional and non-instructional positions and contributed to savings in salaries, wages, and benefits.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: MD&A (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School District:

The first two statements are *District-wide* financial statements that provide both short-term and long-term information about the School District's overall financial status.

The remaining statements are *fund* financial statements that focus on individual parts of the School District, reporting the School District's operations in more detail than the District-wide statements.

The *governmental funds statements* tell how basic services such as general and special education were financed in the short-term, as well as what remains for future spending.

Fiduciary funds statements provide information about the financial relationships, in which the School District acts solely as a custodian for the benefit of others.

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget for the year.

Table A-1 summarizes the major features of the School District's basic financial statements, including the portion of the School District's activities that they cover and the types of information that they contain. The remainder of this overview section highlights the structure and contents of each statement.

Table A-1 Major Features of the District-Wide and Fund Financial Statements

	District-Wide	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as instruction, special education and building maintenance	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities and deferred inflows of resources (if any), both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

District-Wide Statements

The District-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the School District's *net position* and how it has changed. Net position – the difference between the School District's assets, deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the School District's financial health or *position*.

- Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the School District, additional nonfinancial factors such as changes in the property tax bases and the condition of buildings and other facilities should be considered.

Net position of the governmental activities differ from the governmental fund balance because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (dollars) are expended to purchase or build such assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. Principal and interest payments are considered expenditures when paid. Depreciation is not calculated. Capital assets and long-term debt are accounted for in account groups and do not affect the fund balance.

District-wide statements use an economic resources measurement focus and full accrual basis of accounting that involves the following steps to prepare the statement of net position.

- Capitalize current outlays for capital assets.
- Report long-term debt as a liability.
- Calculate revenue and expenditures using the economic resources measurement focus and the full accrual basis of accounting.
- Allocate net position balances as follows:
 - Net position invested in capital assets, net of debt.
 - Restricted net position are those with constraints placed on use by external sources or imposed by law.
 - Unrestricted net position are net position that do not meet any of the above restrictions.

Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds, focusing on its most significant or "major" funds - not the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has two kinds of funds:

- **Governmental Funds:** Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can be readily converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs.

Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the general fund, special aid fund, school lunch fund and the capital project fund. Required financial statements are the balance sheet and the statement of revenue, expenditures and changes in fund balances.

- **Fiduciary Fund:** The School District is the custodian for assets that belong to others, such as the scholarship fund and the student activities funds. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table A-2

Condensed Statement of Net Position

	Fiscal Year 2023	Fiscal Year 2022	% Change (Increase, - Decrease)
Assets			
Current and other assets	\$ 22,098,702	\$ 38,747,496	-43.0%
Capital assets - net	71,851,282	64,843,449	10.8%
Total Assets	93,949,984	103,590,945	-9.3%
Deferred Outflows of Resources			
Other post-employment benefits	20,065,881	20,178,943	-0.6%
Pensions	14,455,856	14,317,026	1.0%
Total Deferred Outflows of Resources	34,521,737	34,495,969	0.1%
Liabilities			
Current liabilities	21,074,720	9,086,602	131.9%
Long-term liabilities	142,497,560	137,521,976	3.6%
Total Liabilities	163,572,280	146,608,578	11.6%
Deferred Inflows of Resources			
Deferred bond premium	70,720	94,293	-25.0%
Other post-employment benefits	54,961,942	60,482,728	-9.1%
Pensions	1,233,505	27,399,567	-95.5%
Total Deferred Inflows of Resources	56,266,167	87,976,588	-36.0%
Net Position			
Net investment in capital assets	43,991,528	33,857,158	29.9%
Restricted	5,660,749	3,903,641	45.0%
Unrestricted	(141,019,003)	(134,259,051)	-5.0%
Total Net Position	\$ (91,366,726)	\$ (96,498,252)	5.3%

Changes in Net Position

The School District's 2023 revenue was \$62,889,904 (see Table A-3). Property taxes and New York State aid accounted for the majority of revenue by contributing 52.3% and 35.1%, respectively, of the total revenue raised (see Table A-4). The remainder of revenue came from fees for services, use of money and property, operating grants and other miscellaneous sources.

The total cost of all programs and services totaled \$57,758,378 for 2023. These expenses (82.9%) are predominantly for the education, supervision and transportation of students (see Table A-5). The School District's administrative, occupancy and business activities accounted for 12.9% of total costs.

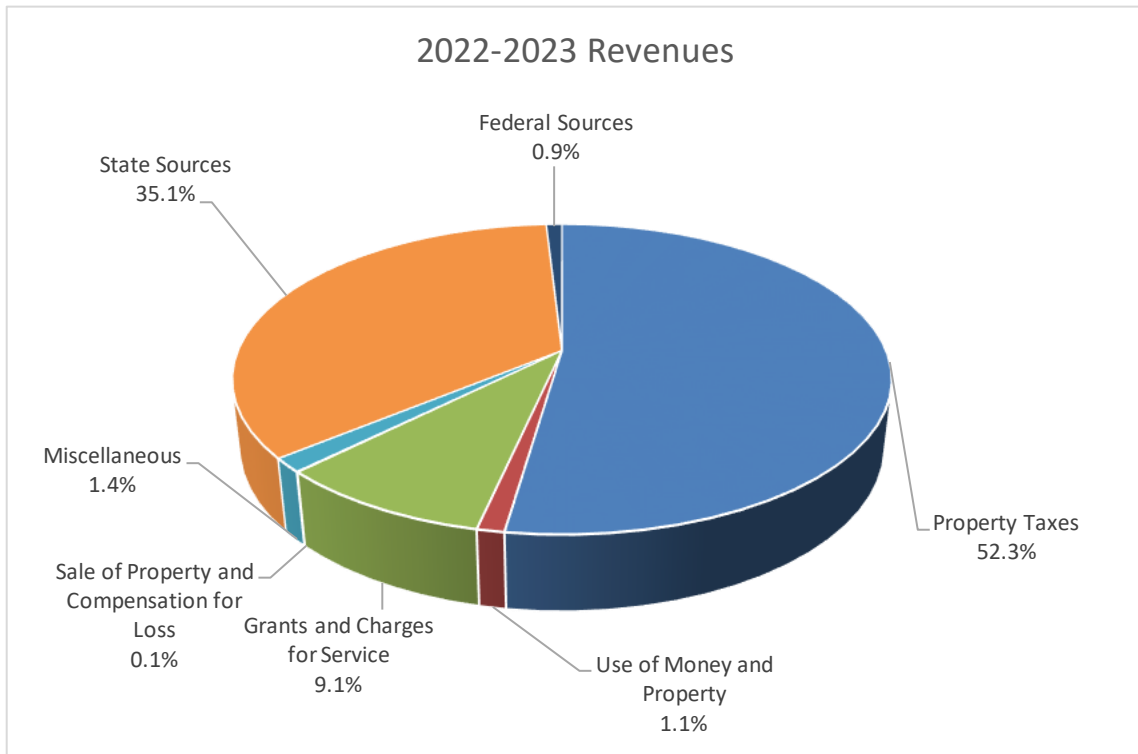
Net position increased during the year by \$5,131,526.

Table A-3

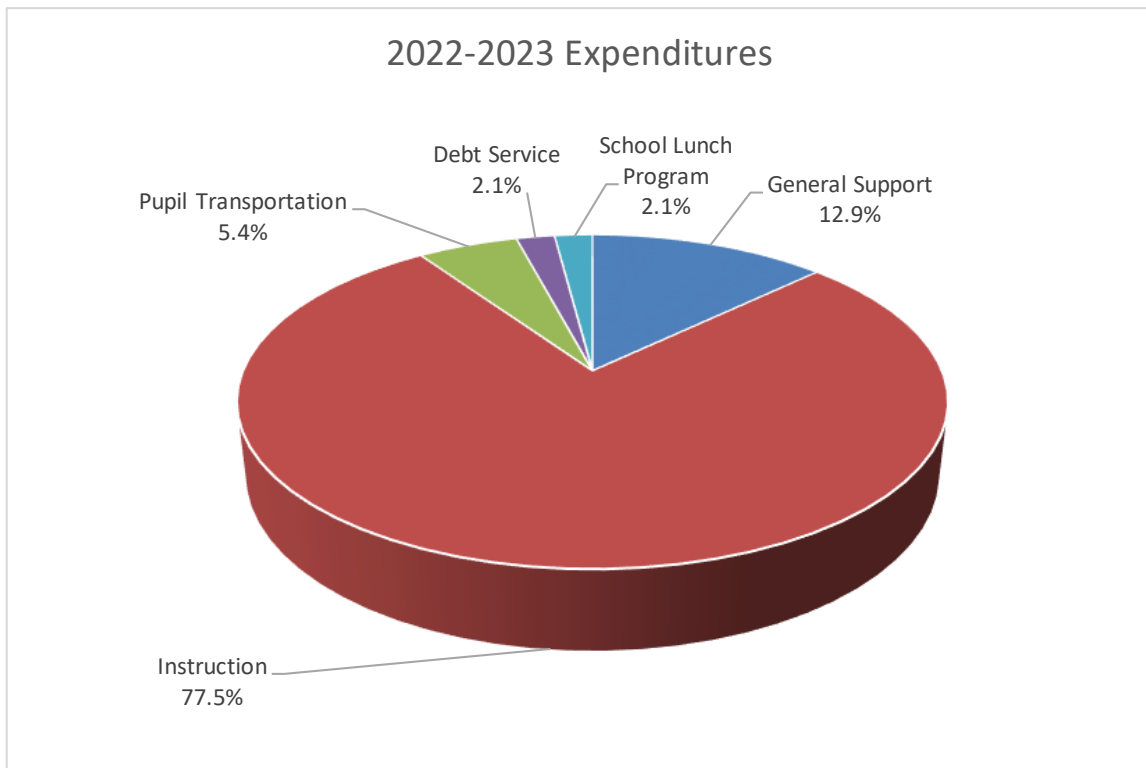
Changes in Net Position from Operating Results

	Fiscal Year 2023	Fiscal Year 2022	% Change (Increase, - Decrease)
Revenues			
Program Revenues			
Charges for services	\$ 738,926	\$ 399,397	85.0%
Operating grants and contributions	4,959,014	4,578,283	8.3%
General Revenues			
Property taxes	32,900,929	32,386,548	1.6%
State sources	22,049,467	21,316,236	3.4%
Federal sources	578,348	510,496	13.3%
Use of money and property	717,268	108,846	559.0%
Sale of property and compensation for loss	39,227	70,796	-44.6%
Miscellaneous	906,725	565,835	60.2%
Total Revenues	62,889,904	59,936,437	4.9%
Expenses			
General support	7,440,834	6,663,135	11.7%
Instruction	44,773,629	39,548,464	13.2%
Transportation	3,147,285	2,875,218	9.5%
Community service	7,503	3,394	121.1%
Debt service	1,201,449	934,030	28.6%
Cost of sales – Lunch Program	1,187,678	1,399,645	-15.1%
Total Expenses	57,758,378	51,423,886	12.3%
Change in Net Position	5,131,526	8,512,551	-39.7%
Other Change in Net Position	0	9,515	-100.0%
Total Change in Net Position	\$ 5,131,526	\$ 8,522,066	-39.8%

REVENUES – TABLE A-4



EXPENDITURES – TABLE A-5



Governmental Activities

Net position increased by \$5,131,526, primarily due to the decrease of OPEB expenses (GASB 75) and employee benefit costs. The continuation of the School District's solid financial condition can be contributed to:

- Effective leadership by the administration and the Board of Education.
- Community support for the School District's annual budget.
- Savings generated in employee benefits (health insurance, workers' compensation) due to District participation in health insurance and workers' compensation consortiums.
- Strategic use of services from BOCES.
- A stable property base.
- Conservative revenue budgeting.

Table A-6 presents the cost of several of the School District's major activities. The table also shows each activity's net cost (total cost less fees generated by the activity and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the School District's taxpayers by each of these functions.

Table A-6

Net Cost of Governmental Activities

	Total Cost of Services		% Change (Incr.; -Decr.)	Net Cost of Services		% Change (Incr.; -Decr.)
	2023	2022		2023	2022	
General support	\$ 7,440,834	\$ 6,663,135	12%	\$ 7,440,834	\$ 6,663,135	12%
Instruction	44,773,629	39,548,464	13%	40,210,064	36,301,020	11%
Pupil transportation	3,147,285	2,875,218	9%	3,147,285	2,875,218	9%
Community service	7,503	3,394	121%	7,503	3,394	121%
Debt service - interest	1,201,449	934,030	29%	1,201,449	934,030	29%
Cost of sales - lunch program	1,187,678	1,399,645	-15%	53,303	(330,591)	116%
Totals	\$ 57,758,378	\$ 51,423,886	12%	\$ 52,060,438	\$ 46,446,206	12%

- The cost of all governmental activities for the year was \$57,758,378.
- The users of the School District's programs financed \$738,926 of the costs.
- The federal and state government grants financed \$4,959,014 of the costs.
- The majority of costs were financed by the School District's taxpayers and state aid.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Variances between years for the governmental funds financial statements are not the same as variances between years for the District-wide financial statements. The District's governmental funds are presented on the *current financial resources' measurement focus* and the *modified accrual basis of accounting*. Under this method of presentation, governmental funds do not include long-term liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds from the issuance of debt, the current payments for capital assets, and the current payments for debt, including the principal and interest payment.

Significant favorable expense variances were reflected in the governmental funds' financial statements for 2022-2023 in the areas of special education, employee benefits, regular school, and building and grounds. Special education savings were generated from contractual services and subsidies from the special aid grants and the impact of turnover savings in this area related to labor market shortages. In addition, less than anticipated enrollment in both private and public placements contributed to savings in these areas. Employee benefits reflected health insurance plan(s) enrollment staying stable and no premium increase in the MAP plans for retirees. Medical rate increases went up over 10% as the lower utilization (claims) related to the impact of COVID-19 discontinued. As communicated in the prior years' MD&A, we did not expect this to continue and expected 6% to 8% increases moving forward as elective surgeries and increased drug costs impact the rate setting process.

Pension savings continue to reflect the impact of Tier V and VI in recent budget years. Favorable market returns in the prior year yielded similar Employer’s contribution rate from 2021-2022. The current economic climate has increased pension rates for 2023-2024 and we expect this trend to continue for the next few years. The district is adequately reserved in both ERS and TRS at this time, increasing the TRS reserve by \$293,000 in 2022-2023 (\$43,000 interest, \$250,000 from unrestricted fund balance).

General Fund Budgetary Highlights

This section presents an analysis of significant variances between original and final budget amounts and between final budget amounts and actual results for the General Fund.

Results vs. Budget

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance (Actual/Budget)</u>
Revenues				
Local Sources	\$ 33,383,425	\$ 33,409,363	\$ 34,862,066	\$ 1,452,703
State Sources	22,192,020	22,192,020	22,049,467	(142,553)
Federal Sources	180,000	180,000	578,348	398,348
Total Revenues	<u>55,755,445</u>	<u>55,781,383</u>	<u>57,489,881</u>	<u>1,708,498</u>
Expense and Use of Funds				
General Support	5,660,352	6,347,060	5,582,832	(764,228)
Instruction	32,518,378	32,592,411	29,635,212	(2,957,199)
Transportation	2,445,945	2,561,926	2,375,556	(186,370)
Community Services	12,859	12,859	7,503	(5,356)
Employee Benefits	15,021,160	14,854,356	14,046,957	(807,399)
Debt Service	4,417,255	4,743,577	4,743,177	(400)
Transfers to Other Funds	199,000	199,000	186,362	(12,638)
Total Expenses and Use of Funds	<u>60,274,949</u>	<u>61,311,189</u>	<u>56,577,599</u>	<u>\$ (4,733,590)</u>
Net Change in Fund Balance	(4,519,504)	(5,529,806)	912,282	
Fund Balance - Beginning	<u>11,782,952</u>	<u>11,782,952</u>	<u>11,782,952</u>	
Fund Balance - Ending	<u>\$ 7,263,448</u>	<u>\$ 6,253,146</u>	<u>\$ 12,695,234</u>	

The general fund is the only fund for which a budget is legally adopted.

Management considers budget variances of +/- 10% to be significant. The District’s revenue was 2.79% favorable and expenditures (including encumbrances) 6.17% favorable, Medicare D prescription drug subsidies exceeded the budget by \$282,000 and recognized \$362,000 in revenue in 2022-2023, an increase of \$152,000 from the prior year. The District was able to recognize \$161,000 of Medicare D revenue from a look back period of four years, in 2022-2023. Medicaid revenue was \$216,000 in 2022-2023, favorable at \$116,000 and increased \$116,000 from the prior year as we began claiming for psychological services.

The transfers out of the General Fund were related to the ESY program and the annual \$100,000 capital improvements (Glen Worden ES playground and electrical panel work). Each year the summer special education transfer is based on actual expenditures and fluctuates year to year and the on-site program reflected a general fund obligation of \$68,000, a decrease of \$12,000 from the prior year. In 2020-2021, a virtual instructional model was implemented for the summer program due to COVID-19 concerns resulting in only \$40,000 of expenses being transferred to the Special Aid Fund.

The District did budget for a \$100,000 transfer to the Capital Fund and utilized this for safety related work, replacing playground equipment and surface at Glen Worden ES, as well as relocating an interior electric panel for safety purposes. The District began 9 years ago, appropriating \$100,000 per year to fund smaller capital projects, which generate building aid in the following year.

The District will be continuing this trend in 2023-2024 for a district-wide installation of door contact sensors which will tie into the camera system to alert administration when a door is not locked.

SCHOOL LUNCH FUND

Food service revenues were \$41,000 less than expenditures (including encumbrances) resulting in an operating loss, which decreased the fund balance to \$247,000 from \$292,000. The District returned to charging students for meals as the waiver to continue to operate under the USDA Summer Food Service Program (SFSP) that became available for the 2020-2021 School Year, expired. The SFSP previously offered the continuation of free meals for all students but at higher reimbursement rates (breakfast increased by \$.11 per meal and lunch, \$.80 per meal). Breakfast in the Classroom program (BIC) was continued for the elementary schools. The District provided free breakfast and lunch for one week each month in attempt to increase the ADP back up to the pre-Covid-19 years. The District also implemented a May participation contest district-wide. The objective was to reward students with high participation prizes, and bonus meals for 2023-2024. The District continued to invest in the program with refrigeration unit upgrades, heating unit replacements and new tables for the Middle school.

CAPITAL ASSET AND DEBT ADMINISTRATION

As of June 30, 2023, the School District had \$71,851,282 (net of accumulated depreciation and amortization) invested in a broad range of capital assets including land, buildings, buses, athletic facilities, computers and other educational equipment.

Capital Assets

Table A-7

Capital Assets (net of accumulated depreciation and amortization)

	Fiscal Year 2023	Fiscal Year 2022
Buildings, land and land improvements	\$ 31,778,409	\$ 32,458,303
Construction in progress	35,005,717	27,508,308
Right to use assets	445,023	596,677
Furniture, equipment and vehicles	4,622,133	4,280,161
Totals	\$ 71,851,282	\$ 64,843,449

Long-Term Debt

As of June 30, 2023, the School District had \$140,449,537 in general obligation and other long-term debt outstanding. More detailed information about the School District's long-term debt is included in the notes to the basic financial statements.

Table A-8

Outstanding Long-Term Debt

	Fiscal Year 2023	Fiscal Year 2022
General obligation bonds (financed with property taxes)	\$ 27,859,754	\$ 30,986,291
All other debt	112,589,783	110,117,942
Totals	\$ 140,449,537	\$ 141,104,233

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the School District was aware of the following existing circumstances, which could significantly affect its financial position in the future:

On June 24, 2011, the New York State Legislature approved legislation that limits the annual increases in the property taxes that a school district can levy. Under this new legislation, districts cannot increase their tax levy unless voters approve the spending plan put forth to them. A budget that increases the tax levy by 2% or less will require a simple majority approval of 50%, a budget that increases the tax levy by more than 2% will require 60% approval by voters. The district's allowable tax cap levy increase for 2016-2017 was 1.78%; however, the district increased the tax levy by 0.33% and maintained staff levels and instructional programs. The District's allowable tax cap levy increase for 2017-2018 was 3.66% and the tax levy increase is 3.61%.

In 2018-2019 the district increased the tax levy by 3.36%, which was under the tax cap maximum allowance of 3.46%. The district continued its recent trend of increasing instructional staff and adding new support services in mental health.

In 2019-2020 the district increased the tax levy by 2.54%, under the maximum allowable tax cap increase of 3.22%.

In 2020-2021 the district increased the tax levy by 2.66% under the maximum allowable tax cap increase of 2.67%.

In 2021-2022 the district increased the tax levy by .13% at the maximum allowable tax cap increase of .13%.

In 2022-2023 the district increased the tax levy by 1.61% under the maximum allowable tax cap increase of 1.62%.

In 2023-2024 the district increased the tax levy by 2.99% under the maximum allowable tax cap increase of 4.33%.

The District continued in 2022-2023 and renewed in 2023-2024, a 2021-2022 agreement entered for bus maintenance/DOT work with the Burnt Hills/Ballston Lake CSD. The District ended in 2020-2021 a 4-year shared transportation service with the Niskayuna CSD/Capital Region BOCES. The District has realized a budgetary and efficiency savings with the change. The Burnt Hills/Ballston Lake CSD opened a new facility in the spring of 2021.

The District established, as part of the 2019-2020 NYS budget, a TRS reserve as a subset to a previously established ERS reserve. The District also increased the funding of the TRS reserve in 2020-2021 by \$400,000 and again in 2022-2023 by \$293,000 and has now funded the reserve within the maximum allowed by the statute, or approximately 2% of the annual TRS payroll. The District began utilizing in the summer of 2022, Repair Reserve funds of \$375,000 set aside in 2020-2021 to address fixtures identified in the lead remediation testing and to replace the Lincoln ES parking lot. The Repair reserve was utilized in 2019/2020-2020/2021 to replace the High School parking lot. The Repair reserve was funded for \$900,000 at the end of 2022-2023 to set funds aside for parking lot replacement work at Glen Worden ES and the Building and Grounds/Transportation facility. The District continued in 2021-2022 to follow its plan for utilizing the Debt Service reserve to offset the discontinuation of building aid on a related bond issuance. The 2022-2023 reserve balance reflects \$412,000 from interest and bond premiums which will be utilized to offset debt service payments in future budget years.

The District continues to comply with the reserve policies adopted by the Board of Education.

The District achieved favorable financial results for 2022-2023 attributable to a continued conservative fiscal and budget strategy, energy savings resulting from solar and energy projects and a prudent utilization of federal subsidies. Unanticipated salary/wages and benefit savings were a result of a tight labor market contributed to the favorable results. Interest rate increases not seen since 2008, resulted in \$681,000 in interest income to the general fund and added \$250,000 to the reserves. The District's continued participation in Health Insurance and Workers' Compensation consortiums contributes to favorable rates and budgetary savings. Favorable financial performance also continues to generate favorable debt borrowing results and budgetary saving in this area. The District has an undesignated fund balance at the end of 2022-2023 of 3.71% compared to 2021-2022 of 3.86%. The previous two years ended at 3.77% and 4.62%.

Energy savings of \$173,000 reflected the combination of the energy enhancements from prior capital projects (heating systems, LED lighting), locked in rates, and solar power repurchasing. The long-term outlook and predictability of state and federal support to schools has become uncertain due to a slow growing economy in New York State and at the national level. The economic circumstances are expected to continue to influence state and federal revenues, and the district has seen a reduction in federal programs through the discontinuation of the Federal American Recovery Reinvestment Act (ARRA), Education Jobs Funds and the PEP grant. The District has benefited from the CARES ACT II funding with the final funding (ARPA) set to expire next fall. In addition, the District has seen a continued gradual reduction in IDEA and Title Funds at the federal level. The District anticipates beginning finalizing a Smart School initiative plan in the next two fiscal years to submit to SED to access \$1,696,747 in funding to use in technology and safety upgrades. The continuation of the NYS Tax Cap will continue to add the additional layer of uncertainty as we enter the next budget cycle.

The District completed a \$14 million capital project in October 2020. The project upgraded all the district's athletic fields including the installation of synthetic turf into a multi-field venue (formerly the football field) as well as enhancing the High School and Middle School auditoriums, repairing roofs, and enhancing District HVAC controls and HVAC units in areas which were outdated in relation to other areas of the district. The net estimated impact of the project (debt vs. building aid) on the 2020-2021 budget was \$360,000 or \$.258 per \$1,000 of full value. The District completed 90% of an approved \$12.8 million capital project in the summer of 2023, with construction projected to be completed by the end of September 2023. There will be no impact on taxes due to debt falling off the books by the time this project is completed. The project work completed in the summer of 2022, was in the areas of heating system replacement at Glen Worden Elementary School, District-Wide lead remediation, parking lot paving work at the Middle school and two Elementary Schools, masonry work and sidewalk work at all four Elementary Schools as well as the Middle School. Summer of 2023 work addressed infrastructure replacements in roofs (GW and GD ES), water lines (High School) and fixtures (DW) and HVAC equipment (MS, Sacandaga). New PA systems in each school, including the district office were installed. Sidewalks were installed from the MS to the MS athletic fields as well as an ADA playground path at Glendale ES.

The District enters 2023-2024 with a 4.45% spending increase and a 2.99% tax levy increase. The District will monitor closely the activity at the state and federal level as it impacts education to be ready to implement spending strategies to align the funding allotted to schools.

The District utilized in 2022-2023, the 2nd phase of the CARES ACT approximately \$2.6 million in funding (ESSER II and GEERS II) and will complete the utilization of the ARP application (\$2.5 million) by September 30, 2024. The spending strategy in this area is to supplement General Fund obligations and to avoid legacy costs with the use of these funds where possible. An SRO and Athletic Trainer have been brought into the district with the Federal funds to support the health and safety initiatives within the district. In addition, a new playground at Sacandaga was installed in the summer of 2023 and an electrical upgrade occurred at Glen Worden to support a generator installation in the winter of 2024.

The District has entered into an agreement for consulting services with a national firm to review routing efficiency, fleet management and bus times. In addition, separate agreements with Transpar will provide a study on the transition to electric buses as well as an RFP for routing, GPS, and radio services. The reports were completed and presented to the board of education in 2022-2023. The RFP was awarded in the spring of 2023, to Transfinder with new routing and mapping software utilized for the 2023-2024 bus runs. The new GPS system will be ready in October 2023. The District, through assistance with Transpar, participated in an EPA grant submittal with other districts through Highbridge Consulting. If awarded, the grant provides \$250,000 per bus, for five electric buses. The grant may be awarded in January 2024, with a 12-18 month estimated delivery timeline. The District would cover the local share needed to purchase the electric vehicles through a future bus proposition.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact:

Scotia-Glenville Central School District
Mr. Andrew M. Giaquinto – School Business Manager
900 Preddice Parkway
Scotia, NY 12302

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2023

ASSETS

Cash		
Unrestricted	\$	12,654,631
Restricted		5,660,749
Receivables		
State and Federal aid		3,055,521
Due from fiduciary funds		336,452
Due from other governments		17,992
Prepaid expenses		10,414
Other receivables		348,142
Inventories		14,801
Right to use assets, net of amortization		445,023
Capital assets, net of depreciation		71,406,259
Total Assets		<u>93,949,984</u>

DEFERRED OUTFLOWS OF RESOURCES

Other post-employment benefits		20,065,881
Pensions		14,455,856
Total Deferred Outflows of Resources		<u>34,521,737</u>

LIABILITIES

Payables		
Accounts payable		1,118,718
Accrued liabilities		195,910
Accrued interest payable		28,564
Unearned revenues		384,903
Due to fiduciary funds		281,641
Bond anticipation notes payable		12,770,000
Due to other governments		170,476
Retainage payable		205,483
Long-term liabilities		
Due and payable within one year		
Due to Teachers' Retirement System		2,415,049
Due to Employees' Retirement System		145,433
Bonds payable		2,970,000
Leases payable		146,262
Installment purchase debt		242,281
Due and payable after one year		
Bonds payable		22,640,000
Leases payable		87,616
Installment purchase debt		1,702,875
Net pension liability - proportionate share		5,477,286
Other post-employment benefits		111,613,237
Compensated absences payable		976,546
Total Liabilities		<u>163,572,280</u>

DEFERRED INFLOWS OF RESOURCES

Deferred bond premium		70,720
Other post-employment benefits		54,961,942
Pensions		1,233,505
Total Deferred Inflows of Resources		<u>56,266,167</u>

NET POSITION

Net investment in capital assets		43,991,528
Restricted		
Unemployment insurance reserve		162,272
Reserve for tax certiorari		705,516
Reserve for debt service		412,983
Reserve for repairs		904,679
Reserve for employee benefit accrued liability		644,750
Reserve for workers' compensation		14,560
Reserve for retirement contribution - TRS		1,503,022
Reserve for retirement contribution - ERS		1,312,967
Unrestricted		(141,019,003)
Total Net Position	\$	<u>(91,366,726)</u>

See notes to basic financial statements.

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants</u>	
FUNCTIONS/PROGRAMS				
General support	\$ 7,440,834	\$ 0	\$ 0	\$ (7,440,834)
Instruction	44,773,629	(372,676)	(4,190,889)	(40,210,064)
Pupil transportation	3,147,285	0	0	(3,147,285)
Debt service	1,201,449	0	0	(1,201,449)
Community service	7,503	0	0	(7,503)
School lunch program	1,187,678	(366,250)	(768,125)	(53,303)
Total Functions and Programs	<u>\$ 57,758,378</u>	<u>\$ (738,926)</u>	<u>\$ (4,959,014)</u>	<u>(52,060,438)</u>
GENERAL REVENUES				
Real property taxes				28,917,395
Other tax items				3,983,534
Use of money and property				717,268
Sale of property and compensation for loss				39,227
Miscellaneous				906,725
State sources				22,049,467
Federal sources				578,348
Total General Revenues				<u>57,191,964</u>
CHANGE IN NET POSITION				5,131,526
TOTAL NET POSITION - BEGINNING OF YEAR				<u>(96,498,252)</u>
TOTAL NET POSITION - END OF YEAR				<u>\$ (91,366,726)</u>

See notes to basic financial statements.

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2023

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital</u>	<u>CM Misc. Special Revenue</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash						
Unrestricted	\$ 12,247,911	\$ 0	\$ 16,219	\$ 390,501	\$ 0	\$ 12,654,631
Restricted	5,660,749	0	0	0	0	5,660,749
Due from other funds	21,357,268	18,882	3,637,608	12,594,072	217,376	37,825,206
Due from fiduciary funds	336,452	0	0	0	0	336,452
State and Federal aid receivable	1,868,847	1,140,239	46,435	0	0	3,055,521
Due from other governments	17,992	0	0	0	0	17,992
Prepaid expenses	10,083	0	331	0	0	10,414
Other receivables	348,142	0	0	0	0	348,142
Inventories	0	0	14,801	0	0	14,801
TOTAL ASSETS	\$ 41,847,444	\$ 1,159,121	\$ 3,715,394	\$ 12,984,573	\$ 217,376	\$ 59,923,908
LIABILITIES						
Accounts payable	\$ 700,438	\$ 59,530	\$ 86,217	\$ 272,533	\$ 0	\$ 1,118,718
Accrued liabilities	195,910	0	0	0	0	195,910
Retainage payable	1,708	0	0	203,775	0	205,483
Due to other funds	25,217,027	833,513	3,295,454	8,348,368	130,844	37,825,206
Due to fiduciary funds	281,641	0	0	0	0	281,641
Bond anticipation note payable	0	0	0	12,770,000	0	12,770,000
Due to other governments	170,476	0	0	0	0	170,476
Due to Employees' Retirement System	145,433	0	0	0	0	145,433
Due to Teachers' Retirement System	2,415,049	0	0	0	0	2,415,049
Unearned revenues	24,528	276,202	84,173	0	0	384,903
Total Liabilities	29,152,210	1,169,245	3,465,844	21,594,676	130,844	55,512,819
FUND BALANCE						
Nonspendable						
Reserved for inventory	0	0	14,801	0	0	14,801
Prepaid expenses	10,083	0	331	0	0	10,414
Restricted						
Unemployment insurance reserve	162,272	0	0	0	0	162,272
Reserve for tax certiorari	705,516	0	0	0	0	705,516
Reserve for debt service	412,983	0	0	0	0	412,983
Reserve for repairs	904,679	0	0	0	0	904,679
Reserve for workers' compensation	14,560	0	0	0	0	14,560
Reserve for employee benefit accrued liability	644,750	0	0	0	0	644,750
Reserve for retirement contribution - TRS	1,503,022	0	0	0	0	1,503,022
Reserve for retirement contribution - ERS	1,312,967	0	0	0	0	1,312,967
Assigned	4,689,875	0	234,418	0	86,532	5,010,825
Unassigned	2,334,527	(10,124)	0	(8,610,103)	0	(6,285,700)
Total Fund Balance	12,695,234	(10,124)	249,550	(8,610,103)	86,532	4,411,089
TOTAL LIABILITIES AND FUND BALANCE	\$ 41,847,444	\$ 1,159,121	\$ 3,715,394	\$ 12,984,573	\$ 217,376	\$ 59,923,908

See notes to basic financial statements.

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

Total balance - governmental funds balance sheet (page 17)	\$ 4,411,089
Add:	
Land, building and equipment, net of accumulated depreciation	71,406,259
Right to use assets, net of amortization	445,023
Pension	7,745,065
Total	79,596,347
Deduct:	
Compensated absences	976,546
Other post-employment benefits	146,509,298
Accrued interest payable	28,564
Deferred bond premium	70,720
Leases payable	233,878
Installment purchase debt	1,945,156
Long and short-term bonds payable	25,610,000
Total	175,374,162
NET POSITION, GOVERNMENTAL ACTIVITIES	\$ (91,366,726)

See notes to basic financial statements.

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2023

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital</u>	<u>CM Misc. Special Revenue</u>	<u>Total Governmental Funds</u>
REVENUES						
Real property taxes	\$ 28,917,395	\$ 0	\$ 0	\$ 0	\$ 0	\$ 28,917,395
Other tax items	3,983,534	0	0	0	0	3,983,534
Charges for services	372,676	0	0	0	0	372,676
Use of money and property	707,131	0	0	10,137	0	717,268
Sale of property and compensation for loss	39,227	0	0	0	0	39,227
Miscellaneous	842,103	0	9,386	0	55,236	906,725
State sources	22,049,467	273,032	18,394	0	0	22,340,893
Federal sources	578,348	3,917,857	679,081	0	0	5,175,286
Surplus food	0	0	70,650	0	0	70,650
Sales - school lunch	0	0	366,250	0	0	366,250
Total Revenues	57,489,881	4,190,889	1,143,761	10,137	55,236	62,889,904
EXPENDITURES						
General support	5,582,832	0	0	0	44,349	5,627,181
Instruction	29,635,212	4,159,708	0	0	0	33,794,920
Pupil transportation	2,375,556	0	0	0	0	2,375,556
Community service	7,503	0	0	0	0	7,503
Employee benefits	14,046,957	99,439	0	0	0	14,146,396
Debt service						
Principal	3,517,964	0	0	0	0	3,517,964
Interest	1,225,213	0	0	0	0	1,225,213
Cost of sales	0	0	1,204,476	0	0	1,204,476
Capital outlay	0	0	0	7,882,409	0	7,882,409
Total Expenditures	56,391,237	4,259,147	1,204,476	7,882,409	44,349	69,781,618
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,098,644	(68,258)	(60,715)	(7,872,272)	10,887	(6,891,714)
OTHER FINANCING SOURCES AND USES						
Proceeds from debt	0	0	0	385,000	0	385,000
BANs redeemed from appropriations	0	0	0	30,000	0	30,000
Operating transfers in	0	68,258	18,104	100,000	0	186,362
Operating transfers (out)	(186,362)	0	0	0	0	(186,362)
Total Other Sources (Uses)	(186,362)	68,258	18,104	515,000	0	415,000
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND USES	912,282	0	(42,611)	(7,357,272)	10,887	(6,476,714)
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	11,782,952	(10,124)	292,161	(1,252,831)	75,645	10,887,803
FUND BALANCE (DEFICIT) - END OF YEAR	\$ 12,695,234	\$ (10,124)	\$ 249,550	\$ (8,610,103)	\$ 86,532	\$ 4,411,089

See notes to basic financial statements.

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2023

REVENUES - STATEMENT OF ACTIVITIES		\$ 62,889,904
EXPENDITURES	69,781,618	
Add:		
Depreciation	1,636,540	
Amortization	211,026	
Accrued interest	28,564	
Increase in other post-employment benefits	1,462,204	
Increase in compensated absences	11,613	
	3,349,947	
Deduct:		
Principal payments of long-term debt	3,487,964	
Decrease in other post-employment benefits	2,947,496	
Change in fixed assets	8,796,027	
Change in right to use assets	59,372	
BANs redeemed from appropriations	30,000	
Amortization of bond premium	23,573	
Accrued interest - prior year	28,755	
	15,373,187	
EXPENDITURES - STATEMENT OF ACTIVITIES		57,758,378
CHANGE IN NET POSITION		\$ 5,131,526

See notes to basic financial statements.

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2023

	Custodial Funds
ASSETS	
Cash	\$ 154,468
Investment - restricted	823,042
Due from governmental funds	281,641
Total Assets	\$ 1,259,151
LIABILITIES	
Due to governmental funds	\$ 336,452
Total Liabilities	\$ 336,452
NET POSITION	
Reserve for extraclassroom activity balances	\$ 110,787
Reserve for scholarships	811,912
Total Net Position	\$ 922,699

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2023

	Custodial Funds
ADDITIONS	
Interest and dividend income	\$ 17,921
Investment realized and unrealized gains (losses)	103,884
Extraclassroom receipts	146,791
Gifts and contributions	2,550
Total Additions	271,146
DEDUCTIONS	
Investment management fees	4,518
Extraclassroom disbursements	152,203
Scholarships and awards	11,928
Total Deductions	168,649
CHANGE IN NET POSITION	102,497
NET POSITION - BEGINNING OF YEAR	820,202
NET POSITION - END OF YEAR	\$ 922,699

See notes to basic financial statements.

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Scotia-Glenville Central School District (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Significant accounting principles and policies used by the District are described below:

A) Reporting Entity

The Scotia-Glenville Central School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of seven members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District and other organizational entities determined to be includable in the District's financial reporting entity. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District’s reporting entity is based on several criteria including legal standing, fiscal dependency and financial accountability. Based on the application of these criteria, the following is a brief description of an entity included in the District’s reporting entity.

i) Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found with these financial statements. The District accounts for these funds in the Custodial Fund.

B) Joint Venture

The District is a component district of the Capital Region Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services and programs that provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

BOCES are organized under Section 1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (Section 1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of the New York State General Municipal Law.

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

B) Joint Venture – (Continued)

A BOCES' budget is comprised of separate budgets for administrative, program and capital costs. Each component district's share of administrative and capital cost is determined by resident public school district enrollment, as defined in the New York State Education Law, Section 1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

During the year, the District was billed \$5,576,885 for BOCES administrative and program costs.

Participating school districts issue debt on behalf of BOCES. During the year, the District issued \$-0- of serial bonds on behalf of BOCES. As of year-end, the District had outstanding BOCES debt of \$-0-.

The District's share of BOCES aid amounted to \$1,688,539.

Financial statements for the BOCES are available from the BOCES administrative office.

C) Basis of Presentation

1) District-Wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary.

Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The Statement of Net Position presents the financial position of the District at fiscal year-end. The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2) Funds Statements

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

C) Basis of Presentation – (Continued)

2) Funds Statements – (Continued)

The District reports the following major governmental funds:

General Fund – This is the District’s primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

School Lunch Fund – This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted for expenditures of the school breakfast and lunch programs.

Special Aid Funds – These funds account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds or by outside parties.

Miscellaneous Special Revenue Fund – Miscellaneous Special Revenue Fund is used to account for those revenues that are legally restricted to expenditures for a specific purpose.

Capital Projects Fund – These funds are used to account for the financial resources used for acquisition, construction or major repair of capital facilities.

The District reports the following fiduciary fund:

Custodial Fund – Fiduciary activities are those in which the District acts as custodian for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District and are not available to be used.

D) Measurement Focus and Basis of Accounting

Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, state aid, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from state aid is recognized in the fiscal year it is appropriated by the state. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

D) Measurement Focus and Basis of Accounting – (Continued)

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after the end of the fiscal year as it matches the liquidation of related obligations.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, pensions and other post-employment benefits, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

E) Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1 and become a lien on September 1. Taxes are collected during the period September 1 to October 31.

Uncollected real property taxes are subsequently enforced by the Counties of Schenectady, Montgomery and Saratoga in which the District is located. The Counties pay an amount representing uncollected real property taxes transmitted to the Counties for enforcement to the District no later than the following April 1.

F) Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes.

G) Interfund Transactions

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services.

In the District-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to Note 9 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

H) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

I) Cash (and Cash Equivalents)/Investments

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and districts.

Investments are stated at fair value.

J) Accounts Receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

K) Inventories and Prepaid Items

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value that approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

Prepaid items represent payments made by the District for which benefits extend beyond year end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amount is recorded at the time of receipt and/or purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A reserve for these nonliquid assets (inventories and prepaid items) has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

L) Other Assets/Restricted Assets

In the District-wide financial statements, bond issuance costs are expensed when incurred. In the funds statements, these same costs are netted against bond proceeds and recognized in the period of issuance.

M) Capital Assets

Capital assets are reported at actual cost for acquisition subsequent to June 30, 2002. For assets acquired prior to June 30, 2002, actual or estimated historical costs, based on appraisals conducted by third-party professionals were used. Donated assets are reported at estimated fair market value at the time received.

Land and construction in process are not depreciated. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 500	Straight-line	50
Building improvements	500	Straight-line	20
Site improvements	500	Straight-line	20
Furniture and equipment	500	Straight-line	5-20

N) Right to Use Assets

Right to use assets are reported at actual cost or estimated historical cost. Right to use assets are amortized using the straight line method over the estimated useful life of the asset. All right to use assets are furniture and equipment which are amortized over a 3-5 year period.

O) Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. The separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. The first item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The third item relates to OPEB reporting in the District-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

O) Deferred Outflows and Inflows of Resources – (Continued)

In addition to liabilities, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District’s proportion of the collective net pension liability (ERS System) and net pension asset (TRS System) and difference during the measurement periods between the District’s contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is revenues from grants received that have met all other eligibility requirements except those related to time restrictions. The third item is related to OPEB reporting in the District-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the District reported the following asset (liability) for its proportionate share of the net pension asset (liability) for each of the Systems. The net pension asset (liability) was measured as of March 31, 2023 for ERS and June 30, 2022 for TRS. The total pension asset (liability) used to calculate the net pension asset (liability) was determined by an actuarial valuation. The District’s proportion of the net pension asset (liability) was based on a projection of the District’s long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
	March 31, 2023	June 30, 2022
Measurement date		
District's proportionate share of the net pension asset (liability)	\$ (3,169,091)	\$ (2,308,195)
District's portion of the Plan's total net pension asset (liability)	0.0147784%	0.120288%
Change in proportion since the prior measurement date	0.0015161%	(0.002083)%

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

O) Deferred Outflows and Inflows of Resources – (Continued)

Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – (Continued)

For the year ended June 30, 2023, the District recognized its proportionate share of pension expense of \$1,107,769 for ERS and \$2,928,564 for TRS. At June 30, 2023, the District’s reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 337,533	\$ 2,418,696	\$ 89,000	\$ 46,252
Changes of assumptions	1,539,115	4,477,508	17,010	929,806
Net difference between projected and actual earnings on pension plan investments	0	2,982,407	18,618	0
Changes in proportion and differences between the District's contributions and proportionate share of contributions	201,877	153,095	69	132,750
District's contributions subsequent to the measurement date	145,433	2,200,192	0	0
Total	\$ 2,223,958	\$ 12,231,898	\$ 124,697	\$ 1,108,808

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension asset (liability) in the year ended March 31, 2024 for ERS and June 30, 2024 for TRS. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized in pension expense as follows:

	ERS	TRS
Year ended:		
2024	\$ 495,843	\$ 900,595
2025	(107,342)	(367,714)
2026	685,582	5,864,353
2027	879,743	760,911
2028	0	46,879
Thereafter	0	0

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

O) Deferred Outflows and Inflows of Resources – (Continued)

Actuarial Assumptions

The total pension asset (liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Actuarial valuation date	April 1, 2022	June 30, 2021
Interest rate	5.9%	6.95%
Salary scale	4.4%	1.95% - 5.18%
Decrement tables	April 1, 2015 - March 31, 2020	July 1, 2015 - June 30, 2020
	System's experience	System's experience
Inflation rate	2.9%	2.4%
Projected cost of living adjustments	1.5%	1.3%

For ERS, annuitant mortality rates are based on April 1, 2015 through March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2021. For TRS, annuitant mortality rates are based on July 1, 2015 through June 30, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021.

For ERS, the actuarial assumptions used in the April 1, 2022 valuation are based on the results of an actuarial experience study for the period April 1, 2015 through March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2020.

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by each target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

O) Deferred Outflows and Inflows of Resources – (Continued)

Actuarial Assumptions – (Continued)

Measurement date	<u>ERS</u> March 31, 2023	<u>TRS</u> June 30, 2022
<u>Asset type</u>		
Domestic equity	4.30%	6.50%
International equity	6.85	7.20
Global equities	0	6.90
Real estate	4.60	6.20
Domestic fixed income securities	1.50	1.10
Global bonds	0	0.60
High-yield fixed income securities	0	3.30
Real estate debt	0	2.40
Private debt	0	5.30
Credit	5.43	0
Private equity/alternative investments	7.50	9.90
Opportunistic/ARS portfolio	5.38	0
Cash	0	(0.3)
Real assets	5.84	0

Discount Rate

The discount rate used to calculate the total pension asset (liability) was 5.9% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset (liability).

Sensitivity of the Proportionate Share of the Net Pension Asset (Liability) to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension asset (liability) calculated using the discount rate of 5.9% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is 1 percentage point lower (4.9% for ERS and 5.95% for TRS) or 1 percentage point higher (6.9% for ERS and 7.95% for TRS) than the current rate:

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

O) Deferred Outflows and Inflows of Resources – (Continued)

Sensitivity of the Proportionate Share of the Net Pension Asset (Liability) to the Discount Rate Assumption – (Continued)

	<u>1% Decrease (4.9%)</u>	<u>Current Assumption (5.9%)</u>	<u>1% Increase (6.9%)</u>
<u>ERS</u>			
Employer’s proportionate share of the net pension asset (liability)	\$ (7,658,333)	\$ (3,169,091)	\$ 582,193
	<u>1% Decrease (5.95%)</u>	<u>Current Assumption (6.95%)</u>	<u>1% Increase (7.95%)</u>
<u>TRS</u>			
Employer’s proportionate share of the net pension asset (liability)	\$ (21,282,639)	\$ (2,308,195)	\$ 13,649,188

Pension Plan Fiduciary Net Position

The components of the current-year net pension asset (liability) of the employers as of the respective valuation dates were as follows:

	(Dollars in thousands)		
	<u>ERS</u>	<u>TRS</u>	<u>Total</u>
Measurement date	March 31, 2023	June 30, 2022	
Employers’ total pension asset (liability)	\$(232,627,259)	\$(133,883,474)	\$(366,510,733)
Plan fiduciary net position asset (liability)	211,183,223	131,964,582	343,147,805
Employers’ net pension asset (liability)	(21,444,036)	(1,918,892)	(23,362,928)
 Ratio of plan fiduciary net position to the employers’ total pension asset (liability)	 90.78%	 98.6%	 93.6%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System’s fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2023 represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on paid ERS wages multiplied by the employer’s contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$145,433.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the System in September, October and November 2023 through a state aid intercept. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 based on paid TRS wages multiplied by the employer’s contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2023 amount to \$2,415,049.

Additional pension information can be found in Note 10.

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

P) Unearned Revenue

The District reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized. At June 30, 2023 the District had \$384,903 in unearned revenues.

Q) Vested Employee Benefits

Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave and vacation.

Sick leave eligibility and accumulation is specified in negotiated labor contracts and in individual employment contracts. Sick leave use is based on a last-in, first-out (LIFO) basis.

District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Upon retirement, resignation, or death, employees may receive a payment based on unused accumulated sick leave based on contractual provisions.

Consistent with GASB Statement 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the District-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year end.

In the funds statements, only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you-go basis.

R) Other Benefits

District employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System.

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement.

Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

S) Short-Term Debt

The District may issue Revenue Anticipation Notes (RANs) and Tax Anticipation Notes (TANs), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

The District may issue Bond Anticipation Notes (BANs), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

The District may issue deficiency notes up to an amount not to exceed 5% of the amount of that same year's annual budget in any fund or funds arising from revenues being less than the amount estimated in the budget for that fiscal year. The deficiency notes may mature no later than the close of the fiscal year following the fiscal year in which they were issued. However, they may mature no later than the close of the second fiscal year after the fiscal year in which they were issued, if the notes were authorized and issued after the adoption of the budget for the fiscal year following the year in which they were issued.

T) Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, other post-employment benefits payable, and compensated absences that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

U) Equity Classifications

District-Wide Statements

In the District-wide statements, there are three classes of net position:

i) Net Investment in Capital Assets

Consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of those assets.

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

U) **Equity Classifications – (Continued)**

District-Wide Statements – (Continued)

ii) **Restricted Net Position**

Reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

iii) **Unrestricted Net Position**

Reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

Funds Statements

In the fund basis statements, there are five classifications of fund balance:

1. **Nonspendable Fund Balance**

Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory and prepaid expenses recorded in the School Lunch Fund of \$14,801 and \$331, respectively, as well as prepaid expenses recorded in the General Fund of \$10,083.

2. **Restricted**

Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund balance.

The School District has established the following restricted fund balances:

Currently Utilized by the District:

Debt Service

According to General Municipal Law §6-1, The Mandatory Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations which remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement. The reserve is accounted for in the General Fund under Restricted Fund Balance.

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

U) **Equity Classifications – (Continued)**

Funds Statements – (Continued)

2. **Restricted – (Continued)**

Currently Utilized by the District: – (Continued)

Unemployment Insurance

According to General Municipal Law §6-m, must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the School District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund under Restricted Fund Balance.

Employee Benefit Accrued Liability

According to General Municipal Law §6-p, must be used for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund under Restricted Fund Balance.

Retirement Contributions

According to General Municipal Law §6-r, must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. This reserve is established by Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During the fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. This reserve is accounted for in the General Fund under Restricted Fund Balance.

Tax Certiorari Reserve

According to Education Law §3651.1-a, must be used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies. This reserve is accounted for in the General Fund under Restricted Fund Balance.

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

U) **Equity Classifications – (Continued)**

Funds Statements – (Continued)

2. **Restricted – (Continued)**

Currently Utilized by the District: – (Continued)

Repairs

According to General Municipal Law §6-d, must be used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education, without voter approval, may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. This reserve is accounted for in the General Fund under Restricted Fund Balance.

Workers' Compensation Reserve

According to General Municipal Law §6-j, must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. This reserve is accounted for in the General Fund under Restricted Fund Balance.

3. **Committed**

Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision making authority, i.e., the Board of Education. The School District has no committed fund balance as of June 30, 2023.

4. **Assigned**

Includes amounts that are constrained by the School District's intent to be used for specific purposes but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund. Assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year.

5. **Unassigned**

Includes all other General Fund amounts that do not meet the definitions of the above four classifications and are deemed to be available for general use by the District. In funds other than the General Fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

U) Equity Classifications – (Continued)

Funds Statements – (Continued)

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds, excluding the reserve for tax reduction, a school district can retain to no more than 4% of the School District’s budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

Order of Use of Fund Balance:

The District’s policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the General Fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

V) Workers’ Compensation Plan

The District joined the Schoharie Area Workers’ Compensation Trust (the Trust) on July 1, 2004. The Trust is a mechanism to provide funds for the District to meet its responsibility under the Workers’ Compensation Law. It is a group self-insurance plan with excess insurance coverage. The Trust establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the period in which they are made. The Trust has a stop-loss policy to protect the District from unusually high claims. To the extent the Trust funds might be insufficient to pay benefits, the District would assume the liability.

W) New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2023, the District implemented the following new standards issued by GASB:

GASB has issued Statement No. 91, *Conduit Debt Obligations*, effective for the year ending June 30, 2023. This statement provides a single method of reporting conduit debt obligations by issuers.

GASB has issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the year ending June 30, 2023. This statement improves the financial reporting related to Public-Private and Public-Public Partnerships to provide services.

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

W) New Accounting Standards – (Continued)

GASB has issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for the year ending June 30, 2023. This statement requires the recognition of a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability for subscription-based information technology arrangements for government end users.

X) Future Changes in Accounting Standards

GASB has issued Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, effective for the year ending June 30, 2024. This Statement amends GASB Statement No. 62 in order to enhance accounting and financial reporting requirements for accounting changes and error corrections.

GASB has issued Statement No. 101, *Compensated Absences*, effective for the year ending June 30, 2025. This Statement amends the existing requirements related to Compensated Absences by updating the recognition and measurement guidance.

The School District will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the District-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the District-wide statements, compared with the current financial resources focus of the governmental funds.

A) Total Fund Balance of Governmental Funds vs. Net Position of Governmental Activities

Total fund balance of the District’s governmental funds differs from “net position” of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund balance sheets, as applied to the reporting of capital assets and long-term liabilities, including pensions and other post-employment benefits.

B) Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities

Differences between the funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of five broad categories, as described below:

i) Long-Term Revenue and Expense Differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered “available,” whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS – (CONTINUED)

B) Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities – (Continued)

ii) Capital Related Differences

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.

iii) Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

iv) Pension Differences

Pension differences occur as a result of changes in the District's proportion of the collective net pension asset (liability) and differences between the District's contributions and its proportionate share of the total contributions to the pension systems.

v) OPEB Differences

OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense.

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the General Fund.

The voters of the District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line item level.

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – (CONTINUED)

Budgets – (Continued)

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. Supplemental appropriations during the year, are shown in the Schedule of Change from Adopted Budget to Final Budget - General Fund.

Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as restrictions or assignments of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

Deficit Fund Balance

The Special Aid Fund had a deficit fund balance of \$10,124. This will be funded with future transfers from the General Fund.

The Capital Fund had a deficit fund balance of \$8,610,103. This will be funded with permanent financing of capital projects.

NOTE 4 – CASH (AND CASH EQUIVALENTS) – CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISKS

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. While the District does not have a specific policy for custodial credit risk, New York State statutes govern the District's investment policies, as discussed previously in these notes.

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 4 – CASH (AND CASH EQUIVALENTS) – CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISKS – (CONTINUED)

The District’s aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year-end, collateralized as follows:

Uncollateralized	\$	0
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District’s name		5,865,691

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$5,660,749 within the governmental funds and \$154,468 in the fiduciary funds.

NOTE 5 – INVESTMENTS

The District has few investments (primarily donated scholarship funds) and chooses to disclose its investments by specifically identifying each. The District’s investment policy for these investments is also governed by New York State statutes. Investments are stated at fair value and are categorized as either:

- a. Insured or registered, or investments held by the District or by the District’s agent in the District’s name, or
- b. Uninsured and unregistered, with the investments held by the financial institution’s trust department in the District’s name, or
- c. Uninsured and unregistered, with investments held by the financial institution or its trust department, but not in the District’s name.

Investments

<u>Fund</u>	<u>Custodial Fund</u>
Carrying amount (fair value)	\$ 823,042
Unrealized investment gain (loss)	103,884
Type of investment	Equities
Category of investment	C

The District does not typically purchase investments for long enough duration to cause it to believe that it is exposed to any material interest rate risk.

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 6 – CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2023, were as follows:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 162,850	\$ 0	\$ 0	\$ 162,850
Construction in process	27,508,308	7,497,409	0	35,005,717
Total nondepreciable historical cost	27,671,158	7,497,409	0	35,168,567
Capital assets that are depreciated:				
Buildings and improvements	53,187,267	0	0	53,187,267
Furniture and equipment	6,644,289	781,164	26,847	7,398,606
Land/site improvements	1,598,181	77,823	0	1,676,004
Licensed vehicles	4,176,513	442,585	0	4,619,098
Total depreciable historical cost	65,606,250	1,301,572	26,847	66,880,975
Less accumulated depreciation:				
Buildings and improvements	21,068,985	741,024	0	21,810,009
Furniture and equipment	4,078,300	436,624	23,893	4,491,031
Land/site improvements	1,421,010	16,693	0	1,437,703
Licensed vehicles	2,462,341	442,199	0	2,904,540
Total accumulated depreciation	29,030,636	1,636,540	23,893	30,643,283
Net depreciable historical cost	36,575,614	(334,968)	2,954	36,237,692
Right to use assets that are amortized:				
Furniture and equipment	3,425,678	59,372	0	3,485,050
Less accumulated amortization:				
Furniture and equipment	2,829,001	211,026	0	3,040,027
Net amortizable historical cost	596,677	(151,654)	0	445,023
GRAND TOTAL	\$ 64,843,449	\$ 7,010,787	\$ 2,954	\$ 71,851,282

Depreciation and amortization were allocated to the following programs as follows:

General support	\$ 240,111
Instruction	1,453,482
Pupil transportation	102,170
School lunch program	51,803
TOTAL	\$ 1,847,566

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 7 – SHORT-TERM DEBT

Interest on short-term debt was \$259,000.

Transactions in short-term debt for the year are summarized below:

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
BAN	6/30/2023	3.50%	\$ 0	\$ 8,000,000	\$ 8,000,000	\$ 0
BAN	6/28/2024	4.75%	0	12,770,000	0	12,770,000
TOTALS			<u>\$ 0</u>	<u>\$ 20,770,000</u>	<u>\$ 8,000,000</u>	<u>\$ 12,770,000</u>

NOTE 8 – LONG-TERM DEBT

Interest on long-term debt for the year was comprised of:

Interest paid	\$ 966,213
Less: Prior year accrued interest	(28,755)
Plus: Current year accrued interest	28,564
Less: Amortization of bond premium	<u>(23,573)</u>
TOTAL EXPENSE	<u>\$ 942,449</u>

Long-term liability balances and activity for the year are summarized below:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental activities:					
Bonds and notes payable					
Serial bonds payable	\$ 26,770,000	\$ 0	\$ 2,475,000	\$ 24,295,000	\$ 2,550,000
Plus - Bond premium	94,293	0	23,573	70,720	0
Installment purchase debt	2,182,966	0	237,810	1,945,156	242,281
Leases payable	551,032	0	317,154	233,878	146,262
Statutory bonds	1,388,000	385,000	458,000	1,315,000	420,000
Total bonds and notes payable	30,986,291	385,000	3,511,537	27,859,754	3,358,543
Other liabilities:					
Other post-employment benefits	109,153,009	2,460,228	0	111,613,237	0
Compensated absences, net	964,933	11,613	0	976,546	0
Total other liabilities	110,117,942	2,471,841	0	112,589,783	0
TOTAL LONG-TERM LIABILITIES	<u>\$ 141,104,233</u>	<u>\$ 2,856,841</u>	<u>\$ 3,511,537</u>	<u>\$ 140,449,537</u>	<u>\$ 3,358,543</u>

The current portion (amount due within one year) of other liabilities as of June 30, 2023, was not determinable.

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 8 – LONG-TERM DEBT – (CONTINUED)

The following is a summary of the maturity of long-term bonds payable:

<u>Description of Issue</u>	<u>Serial Bond</u>	<u>Serial Bond</u>	<u>Serial Bond</u>
Issue date	2015	2018	2021
Interest rate	2.00 - 3.00%	1.875 - 1.9%	2.000%
Outstanding at year end	\$ 2,760,000	\$ 10,015,000	\$ 11,520,000

<u>Description of Issue</u>	<u>Statutory Bond</u>	<u>Statutory Bond</u>	<u>Statutory Bond</u>	<u>Statutory Bond</u>	<u>Statutory Bond</u>
Issue date	2018	2019	2020	2021	2022
Final maturity	2024	2025	2026	2027	2028
Interest rate	2.25 - 5.00%	1.610%	0.75 - 1.00%	1.370%	3.25 - 3.375%
Outstanding at year end	\$ 65,000	\$ 180,000	\$ 285,000	\$ 400,000	\$ 385,000

The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum lease payments as of June 30, 2023.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended June 30:			
2024	\$ 2,970,000	\$ 840,972	\$ 3,810,972
2025	3,000,000	744,072	3,744,072
2026	3,005,000	651,425	3,656,425
2027	2,020,000	556,600	2,576,600
2028	1,985,000	488,700	2,473,700
2029 - 2033	10,515,000	1,367,550	11,882,550
2034 - 2035	2,115,000	63,700	2,178,700
TOTALS	\$ 25,610,000	\$ 4,713,019	\$ 30,323,019

In prior years, the District defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements.

The following is a summary of the future minimum lease payments under the energy performance contracts:

	<u>Total</u>
Fiscal year ended June 30:	
2024	\$ 282,220
2025	281,889
2026	282,491
2027	282,025
2028	282,491
2029 - 2033	721,856
Minimum lease payments - capital lease	2,132,972
Less: Amount representing interest at District's incremental borrowing rate	(187,816)
Present Value - Minimum Lease Payments	<u>\$ 1,945,156</u>

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 8 – LONG-TERM DEBT – (CONTINUED)

The following is a summary of the maturity of leases payable:

<u>Description of Issue</u>	<u>Equipment</u> <u>Lease</u>	<u>Equipment</u> <u>Lease</u>	<u>Equipment</u> <u>Lease</u>	<u>Equipment</u> <u>Lease</u>
Issue date	2020	2020	2020	2021
Final maturity	2024	2024	2025	2025
Interest rate	1.690%	1.480%	2.080%	2.250%
Outstanding at year end	\$ 22,206	\$ 63,634	\$ 61,544	\$ 86,494
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended June 30:				
2024		\$ 146,262	\$ 3,481	\$ 149,743
2025		75,051	1,056	76,107
2026		12,565	98	12,663
TOTALS		<u>\$ 233,878</u>	<u>\$ 4,635</u>	<u>\$ 238,513</u>

NOTE 9 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 21,693,720	\$ 25,498,668	\$ 0	\$ 186,362
Special Aid Fund	18,882	833,513	68,258	0
School Lunch Fund	3,637,608	3,295,454	18,104	0
CM Miscellaneous Special Revenue Fund	217,376	130,844	0	0
Capital Projects Fund	12,594,072	8,348,368	100,000	0
Total Governmental Activities	38,161,658	38,106,847	186,362	186,362
Custodial Fund	281,641	336,452	0	0
TOTALS	<u>\$ 38,443,299</u>	<u>\$ 38,443,299</u>	<u>\$ 186,362</u>	<u>\$ 186,362</u>

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 10 – PENSION PLANS

General Information

The District participates in the New York State Employees' Retirement System (NYSERS) and the New York State Teachers' Retirement System (NYSTRS). Collectively, NYSERS and NYSTRS are referred to herein as the "Systems". These are cost-sharing multiple-employer public employee retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

Plan Descriptions and Benefits Provided:

Teachers' Retirement System (TRS)

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10 member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The System issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the TRS Comprehensive Annual Financial report, which can be found on the System's website at www.nystrs.org.

Employees' Retirement System (ERS)

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The New York State Retirement and Social Security Law (NYSRSSL) govern obligations of employers and employees to contribute, and benefits to employees. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Employees' Retirement System, Office of the State Comptroller, 110 State Street, Albany, NY 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 10 – PENSION PLANS – (CONTINUED)

Plan Descriptions and Benefits Provided: - (Continued)

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law.

The District is required to contribute at a rate determined actuarially by the Systems. The District contributions made to the Systems were equal to 100% of the contributions required for each year. Required contributions for the current and two preceding years were:

	<u>NYSTRS</u>	<u>NYSERS</u>
2022-2023	\$ 2,200,192	\$ 437,380
2021-2022	2,038,976	678,300
2020-2021	1,964,777	575,079

ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57 and 105.

Additional pension information can be found in Note 1 O.

NOTE 11 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS

General Information About the OPEB Plan:

Plan Description

The District administers a defined benefit OPEB plan that provides OPEB for all permanent full-time general employees of the District. The plan is a single employer defined benefit OPEB plan (the Plan) administered by Article 11 of the State Compiled Statutes, which grants the authority to establish and amend the benefit terms and financing requirements to the District's Board, subject to applicable collective bargaining and employment agreements, and Board of Education policy. The Plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Funding Policy

The obligations of the Plan members and employers are established by action of the District pursuant to applicable collected bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when retired and their applicable agreement. The District currently funds the Plan to satisfy current obligations on a pay-as-you-go basis.

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 11 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)

General Information About the OPEB Plan: - (Continued)

Benefits Provided

The District provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

Employees Covered by Benefit Terms

At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	293
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	<u>433</u>
Total	<u>726</u>

Net OPEB Liability:

The District's total OPEB liability of \$111,613,237 was measured as of June 30, 2023 and was determined by an actuarial valuation as of June 30, 2022.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.70%
Salary Increases	Varies by pension retirement system membership
Discount Rate	4.13%
Healthcare Cost Trend Rates	
Medical	6.75% for 2023, decreasing to an ultimate rate of 4.14% for 2076 and later years
Dental	3.50% for 2023, decreasing 0.25% annually to an ultimate rate of 3.00%

The discount rate was based on the S&P Municipal Bond 20-Year High Grade Index.

Mortality rates were based on Pub-2010 Headcount-Weighted table (Teachers for TRS group and General Employees for ERS group) projected fully generationally using MP-2021.

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 11 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)

Changes in the Total OPEB Liability:

Balance at June 30, 2022	\$ 109,153,009
Changes for the year:	
Service cost	4,456,983
Interest	3,958,391
Changes in benefit terms	(559,122)
Differences between expected and actual experience	5,693,761
Changes in assumptions or other inputs	(7,476,282)
Benefit payments	<u>(3,613,503)</u>
Net changes	<u>2,460,228</u>
Balance at June 30, 2023	\$ <u>111,613,237</u>

The following are the changes in assumptions since the last valuation:

- The discount rate has been updated from 3.54% in 2022 to 4.13% in 2023.
- Mortality improvement scale has been updated from MP-2020 to MP-2021.
- Medical and Prescription drug trend rates have been updated from 2020 Getzen to 2022 Getzen model.
- Salary scale, termination, and retirement rates have been updated based on NYS TRS assumptions first adopted on June 30, 2021.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.13%) or 1 percentage point higher (5.13%) than the current discount rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 131,961,213	\$ 111,613,237	\$ 95,459,216

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 92,876,051	\$ 111,613,237	\$ 136,045,369

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 11 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the District recognized a negative OPEB expense of \$2,947,496. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 5,516,529	\$ 11,794,319
Changes of assumptions or other inputs	<u>14,549,352</u>	<u>43,167,623</u>
Total	<u>\$ 20,065,881</u>	<u>\$ 54,961,942</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

<u>Fiscal Year Ending June 30:</u>	
2024	\$ (7,190,245)
2025	(7,190,245)
2026	(6,577,151)
2027	(9,167,014)
2028	(4,516,761)
Thereafter	<u>(254,645)</u>
Total	<u>\$ (34,896,061)</u>

NOTE 12 – RISK MANAGEMENT

General Information

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

Consortiums and Self-Insured Plans

The District participates in the Schoharie Area Workers' Compensation Plan, a risk-sharing pool to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law to finance liability and risks related to Workers' Compensation claims. The District's share of the liability for unbilled and open claims is \$139,024.

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 13 – COMMITMENTS AND CONTINGENCIES

The District has received grants, which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior years' experience, the District's administration believes disallowances, if any, will be immaterial.

NOTE 14 – FAIR VALUE MEASUREMENTS

As required by GASB 72 *Fair Value Measurements*, the District is required to value investment securities based on the valuation measurement techniques and hierarchy established by the FASB ASC.

There are three general valuation techniques that may be used to measure fair value, as described below:

- (A) Market approach – Uses prices and other relevant information generated by market transactions involving identical or comparable assets. Prices may be indicated by pricing guides, sales transactions, market trades or other sources.
- (B) Cost approach – Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and
- (C) Income approach – Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

Fair values of assets measured on a recurring basis at June 30, 2023, are as follows:

Fair Value Measurements Using

	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Scholarship Funds	\$ 823,042	\$ 823,042	\$ 0	\$ 0

NOTE 15 – TAX ABATEMENTS

The County of Schenectady enters into various property tax and sales tax (if applicable) abatement programs for the purpose of economic development. The School District's property tax revenue was reduced \$413,885. The District received Payment in Lieu of Tax (PILOT) payment totaling \$1,338,398.

NOTE 16 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the issuance date of the of the audit report. There were no issues to report that would have a material effect on the financial statements.

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET (NON-GAAP BASIS) AND ACTUAL – GENERAL FUND**

FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual Revenues	Final Budget Variance with Budgetary Actual Over (Under)
REVENUES:				
Local Sources				
Real property taxes	\$ 28,748,122	\$ 28,917,771	\$ 28,917,395	\$ (376)
Real property tax items	4,137,627	3,967,978	3,983,534	15,556
Charges for services	247,676	247,676	372,676	125,000
Use of money and property	100,000	100,000	707,131	607,131
Sale of property and compensation for loss	0	0	39,227	39,227
Miscellaneous	150,000	175,938	842,103	666,165
Total Local Sources	33,383,425	33,409,363	34,862,066	1,452,703
State Sources	22,192,020	22,192,020	22,049,467	(142,553)
Federal Sources	180,000	180,000	578,348	398,348
Total Revenues	55,755,445	55,781,383	57,489,881	\$ 1,708,498

See paragraph on supplementary schedules included in independent auditors' report.

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET (NON-GAAP BASIS) AND ACTUAL – GENERAL FUND**

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>Year End Encumbrances</u>	<u>Final Budget Variance With Budgetary Actual and Encumbrances (Over) Under</u>
EXPENDITURES					
General Support					
Board of Education	84,502	86,914	83,033	\$ 0	\$ 3,881
Central administration	325,581	331,597	330,841	0	756
Finance	738,823	747,873	678,558	16,270	53,045
Staff	368,428	369,721	355,009	0	14,712
Central services	3,592,290	4,272,972	3,653,208	299,251	320,513
Special items	550,728	537,983	482,183	0	55,800
Instructional					
Instruction, administration and improvements	3,038,880	3,098,974	3,017,489	719	80,766
Teaching – regular school	14,596,316	14,430,109	13,570,335	87,658	772,116
Programs for children with handicapping conditions	9,750,054	9,911,447	8,152,868	168,999	1,589,580
Occupational education	1,148,471	1,148,471	1,117,741	0	30,730
Teaching - special school	56,405	57,831	8,430	0	49,401
Instructional media	1,286,764	1,213,976	1,192,853	3,261	17,862
Pupil services	2,641,488	2,731,603	2,575,496	2,404	153,703
Pupil Transportation	2,445,945	2,561,926	2,375,556	67,755	118,615
Community Services	12,859	12,859	7,503	0	5,356
Employee Benefits	15,021,160	14,854,356	14,046,957	0	807,399
Debt Service	4,417,255	4,743,577	4,743,177	0	400
Total Expenditures	60,075,949	61,112,189	56,391,237	646,317	4,074,635
Other Financing Uses					
Transfers to other funds	199,000	199,000	186,362	0	12,638
Total Expenditures and Other Uses	60,274,949	61,311,189	56,577,599	\$ 646,317	\$ 4,087,273
NET CHANGE IN FUND BALANCE	(4,519,504)	(5,529,806)	912,282		
FUND BALANCE – BEGINNING	11,782,952	11,782,952	11,782,952		
FUND BALANCE – ENDING	\$ 7,263,448	\$ 6,253,146	\$ 12,695,234		

See paragraph on supplementary schedules included in independent auditors' report.

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF FUNDING PROGRESS – CHANGES IN TOTAL OTHER POST-EMPLOYMENT
BENEFITS LIABILITY AND RELATED RATIOS**

FOR THE YEARS ENDED JUNE 30, 2023, 2022, 2021, 2020, 2019 AND 2018

Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability						
Service cost	\$ 4,456,983	\$ 6,487,859	\$ 7,281,184	\$ 4,692,248	\$ 5,120,934	\$ 5,310,814
Interest	3,958,391	2,973,509	3,610,839	4,232,062	5,063,369	4,463,800
Change of benefit terms	(559,122)	0	(178,570)	0	0	0
Differences between expected and actual experience	5,693,761	718,289	(13,184,360)	287,227	(11,361,059)	0
Change of assumptions or other inputs	(7,476,282)	(30,553,070)	(19,367,445)	33,948,488	(5,815,709)	(6,289,459)
Benefit payments	(3,613,503)	(3,278,803)	(2,907,392)	(2,951,313)	(2,735,542)	(2,204,070)
Net change in total OPEB liability	2,460,228	(23,652,216)	(24,745,744)	40,208,712	(9,728,007)	1,281,085
Total OPEB Liability - beginning	109,153,009	132,805,225	157,550,969	117,342,257	127,070,264	125,789,179
Total OPEB Liability - ending	\$ 111,613,237	\$ 109,153,009	\$ 132,805,225	\$ 157,550,969	\$ 117,342,257	\$ 127,070,264
Covered-employee payroll	\$ 24,644,647	\$ 24,407,388	\$ 23,877,055	\$ 25,946,100	\$ 25,523,129	\$ 25,437,315
Total OPEB liability as a percentage of covered-employee payroll	452.89%	447.21%	556.20%	607.22%	459.75%	499.54%
Plan's fiduciary net position	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net OPEB Liability	\$ 111,613,237	\$ 109,153,009	\$ 132,805,225	\$ 157,550,969	\$ 117,342,257	\$ 127,070,264

See paragraph on supplementary schedules included in independent auditors' report.

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

FOR THE YEARS ENDED JUNE 30, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016 AND 2015

NYS Teachers' Retirement System

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.120288%	0.122371%	0.119940%	0.118249%	0.119479%	0.119527%	0.118763%	0.120415%	0.119163%
District's proportionate share of the net pension liability (asset)	\$ 2,308,195	\$ (21,205,668)	\$ 3,314,271	\$ (3,072,107)	\$ (2,160,494)	\$ (908,525)	\$ 1,272,002	\$ (12,507,263)	\$ (13,274,011)
District's covered-employee payroll	23,469,854	22,976,204	20,770,230	20,302,659	19,737,512	19,461,778	18,941,170	18,717,143	18,619,194
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	9.8%	92.3%	16.0%	15.1%	10.9%	4.7%	6.7%	66.8%	71.3%
Plan fiduciary net position as a percentage of the total pension liability (asset)	98.60%	113.20%	97.80%	102.20%	101.53%	100.70%	99.00%	110.50%	111.48%

NYS Employees' Retirement System

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.0147784%	0.0132623%	0.0127853%	0.0123723%	0.0123779%	0.0125090%	0.0131859%	0.0142155%	0.0153446%
District's proportionate share of the net pension liability (asset)	\$ 3,169,091	\$ (1,084,142)	\$ 12,731	\$ 3,276,268	\$ 877,014	\$ 403,721	\$ 1,238,981	\$ 2,281,623	\$ 518,377
District's covered-employee payroll	4,750,977	4,522,906	4,221,914	4,104,336	4,209,178	4,116,478	4,150,630	4,042,119	4,133,097
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	66.7%	24.0%	0.3%	79.8%	20.8%	9.8%	29.9%	56.4%	12.5%
Plan fiduciary net position as a percentage of the total pension liability (asset)	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.7%	90.7%	97.9%

See paragraph on supplementary schedules included in independent auditors' report.

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF LOCAL GOVERNMENT CONTRIBUTIONS

FOR THE YEARS ENDED JUNE 30, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016 AND 2015

NYS Teachers' Retirement System

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,415,048	\$ 2,251,668	\$ 1,979,403	\$ 1,798,816	\$ 2,096,124	\$ 1,907,254	\$ 2,219,905	\$ 2,536,771	\$ 2,860,362
Contributions in relation to the contractually required contribution	<u>2,415,048</u>	<u>2,251,668</u>	<u>1,979,403</u>	<u>1,798,816</u>	<u>2,096,124</u>	<u>1,907,254</u>	<u>2,219,905</u>	<u>2,536,771</u>	<u>2,976,861</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (116,499)</u>
District's covered-employee payroll	\$ 23,469,854	\$ 22,976,204	\$ 20,770,230	\$ 20,302,659	\$ 19,737,512	\$ 19,461,778	\$ 18,941,170	\$ 18,717,143	\$ 18,619,194
Contribution as a percentage of covered-employee payroll	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.55%	15.36%

NYS Employees' Retirement System

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 437,380	\$ 678,300	\$ 575,079	\$ 580,243	\$ 570,358	\$ 588,638	\$ 622,239	\$ 706,648	\$ 774,253
Contributions in relation to the contractually required contribution	<u>437,380</u>	<u>678,300</u>	<u>575,079</u>	<u>580,243</u>	<u>570,358</u>	<u>588,638</u>	<u>622,239</u>	<u>706,648</u>	<u>781,509</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (7,256)</u>
District's covered-employee payroll	\$ 4,750,977	\$ 4,522,906	\$ 4,221,914	\$ 4,104,336	\$ 4,209,178	\$ 4,116,478	\$ 4,150,630	\$ 4,042,119	\$ 4,133,097
Contribution as a percentage of covered-employee payroll	9.21%	15.00%	13.62%	14.14%	13.55%	14.30%	14.99%	17.48%	18.73%

See paragraph on supplementary schedules included in independent auditors' report.

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET –
GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2023

ADOPTED BUDGET	\$ 60,274,949
ADDITIONS:	
Prior year's encumbrances	1,010,302
Gifts and donations	25,938
FINAL BUDGET	<u>\$ 61,311,189</u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

FOR THE YEAR ENDED JUNE 30, 2023

2023-2024 voter-approved expenditure budget	\$ 62,959,582
Maximum allowed (4% of 2023-2024 budget)	2,518,383
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	4,689,875
Unassigned fund balance	2,334,527
Total unrestricted fund balance	<u>7,024,402</u>
Less:	
Appropriated fund balance and encumbrances	<u>4,689,875</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u>\$ 2,334,527</u>
Actual percentage	3.7%

See paragraph on supplementary schedules included in independent auditors' report.

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

SCHEDULE OF CAPITAL PROJECTS FUND – PROJECT EXPENDITURES AND FINANCING RESOURCES

FOR THE YEAR ENDED JUNE 30, 2023

<u>Project Title</u>			<u>Expenditures</u>			<u>Unexpended Balance</u>	<u>Methods of Financing</u>			<u>Fund Balances</u>
	<u>Original Appropriation</u>	<u>Revised Appropriation</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total</u>		<u>Local Sources</u>	<u>State Aid</u>	<u>Proceeds of Obligations</u>	
District-wide Reconstruction Project	\$ 15,084,550	\$ 15,084,550	\$ 15,102,312	\$ 0	\$ 15,102,312	\$ (17,762)	\$ 2,120,373	\$ 0	\$ 13,265,000	\$ 283,061
District-wide Renovation Project	14,000,000	14,000,000	13,998,052	0	13,998,052	1,948	872,750	0	13,200,000	74,698
District-wide Reconstruction Project	12,800,000	12,800,000	1,613,715	7,397,409	9,011,124	3,788,876	39,161	0	0	(8,971,963)
Capital Outlay	100,000	100,000	0	100,000	100,000	0	100,000	0	0	0
Buses 2017	430,000	430,000	429,985	0	429,985	15	0	0	430,000	15
Buses 2018	565,000	565,000	563,037	0	563,037	1,963	0	0	565,000	1,963
Buses 2019	305,000	305,000	302,129	0	302,129	2,871	0	0	305,000	2,871
Buses 2021	465,000	465,000	407,000	0	407,000	58,000	0	0	465,000	58,000
Buses 2022	493,000	551,000	551,000	0	551,000	0	0	0	493,000	(58,000)
Buses 2023	385,000	385,000	0	385,000	385,000	0	976	0	385,000	976
EPC Project	1,338,271	1,338,271	1,341,021	0	1,341,021	(2,750)	1,026	0	1,338,271	(1,724)
TOTALS	\$ 45,965,821	\$ 46,023,821	\$ 34,308,251	\$ 7,882,409	\$ 42,190,660	\$ 3,833,161	\$ 3,134,286	\$ 0	\$ 30,446,271	\$ (8,610,103)

See paragraph on supplementary schedules included in independent auditors' report.

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

NET INVESTMENT IN CAPITAL ASSETS

FOR THE YEAR ENDED JUNE 30, 2023

CAPITAL ASSETS, NET		\$ 71,851,282
DEDUCT:		
Short-term portion of installment purchase debt	242,281	
Long-term portion of installment purchase debt	1,702,875	
Short-term portion of leases payable	146,262	
Long-term portion of leases payable	87,616	
Short-term portion of bonds payable	2,970,000	
Long-term portion of bonds payable	22,640,000	
Unamortized bond premium	<u>70,720</u>	
		<u>27,859,754</u>
NET INVESTMENT IN CAPITAL ASSETS		<u><u>\$ 43,991,528</u></u>

See paragraph on supplementary schedules included in independent auditors' report.

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

**FEDERAL AWARD PROGRAM INFORMATION
(SINGLE AUDIT)**

(UNIFORM GUIDANCE)

JUNE 30, 2023



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the President and the Other Members
of the Board of Education of the
Scotia-Glenville Central School District
Scotia, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Scotia-Glenville Central School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 2, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Scotia-Glenville Central School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Scotia-Glenville Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Scotia-Glenville Central School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Scotia-Glenville Central School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

WEST & COMPANY CPAs PC

Gloversville, New York
October 2, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

To the President and the Other Members
of the Board of Education of the
Scotia-Glenville Central School District
Scotia, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Scotia-Glenville Central School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management of the District is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

WEST & COMPANY CPAs PC

Gloversville, New York
October 2, 2023

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/Program	Assistance Listing	Project Number	Passed- through to Subrecipients	Federal Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Passed Through NYS Education Department:				
Special Education Cluster:				
Special Education Grants to States	84.027	0032220828	\$ 0	\$ 79,122
Special Education Grants to States	84.027	0032230828	31,440	588,488
Special Education Preschool Grants	84.173	0033230828	13,539	25,187
Covid-19 Special Education Grants to States	84.027X	5532220828	0	93,768
Covid-19 Special Education Preschool Grants	84.173X	5533220828	0	10,103
Total Special Education Cluster			44,979	796,668
Covid-19 Education Stabilization Funds:				
CRRSA, ESSER	84.425D	5891212735	0	1,597,852
CRRSA, GEER	84.425C	5896212735	0	186,926
ARP, ESSER	84.425U	5880212735	0	605,689
ARP, ESSER, Homeless Children and Youth	84.425W	5218212735	0	4,696
Total Covid-19 Education Stabilization Funds			0	2,395,163
Title I Grants to Local Educational Agencies	84.010	0021223735	0	502,058
Title I Grants to Local Educational Agencies	84.010	0011233124	0	104,686
Title I Grants to Local Educational Agencies	84.010	0011223124	0	8,562
Total Title I Grants to Local Educational Agencies			0	615,306
Supporting Effective Instruction State Grants	84.367	0147232735	0	56,919
Supporting Effective Instruction State Grants	84.367	0147222735	0	17,182
Total Supporting Effective Instruction State Grants			0	74,101
Student Support and Academic Enrichment Program	84.424	0204223735	0	24,353
Student Support and Academic Enrichment Program	84.424	0204222735	0	12,266
Total Student Support and Academic Enrichment Program			0	36,619
Total U.S. Department of Education			44,979	3,917,857
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Passed Through NYS Education Department:				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution)				
National School Lunch Program	10.555	Not Applicable	0	70,650
Cash Assistance				
School Breakfast Program	10.553	Not Applicable	0	147,386
National School Lunch Program	10.555	Not Applicable	0	408,529
Covid-19 National School Lunch Program, School Programs				
Supply Chain Assistance	10.555	Not Applicable	0	123,166
Total Child Nutrition Cluster			0	749,731
Total U.S. Department of Agriculture			0	749,731
TOTAL FEDERAL AWARDS EXPENDED			\$ 44,979	\$ 4,667,588

See notes to schedule of expenditures of federal awards.

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures.

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program.

The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

NOTE 2 – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2023, the District had food commodities totaling \$14,801 in inventory.

NOTE 3 – INDIRECT COST RATE

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. Certain of the District's federal award programs have been charged with indirect costs, based upon a 13.4% indirect cost rate calculated by the New York State Education Department. There is no other indirect cost allocation plan in effect.

NOTE 4 – CLUSTERS

The special education cluster consists of Special Education – Grants to States and Special Education – Preschool Grants.

The Child Nutrition Cluster consists of the National School Lunch Program, School Breakfast Program and Summer Food Service Program for Children – CARES.

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

1. Type of auditors' report issued: unmodified
2. Internal control over financial reporting:
 - a. Material weakness(es) identified? ___ Yes X No
 - b. Significant deficiency(ies) identified? ___ Yes X No
3. Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards

1. Internal control over major programs:
 - a. Material weakness(es) identified? ___ Yes X No
 - b. Significant deficiency(ies) identified? ___ Yes X No
2. Type of auditors' report issued on compliance for major programs: unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516? ___ Yes X No
4. Identification of major programs:

Assistance Listing

Name of Federal Program

84.425
84.027, 84.173, 84.027X, 84.173X

Covid-19 Education Stabilization Funds
Special Education Cluster

5. Dollar threshold used to distinguish between type A and B programs: \$750,000.
6. Auditee qualified as low-risk auditee? X Yes ___ No

B. FINDINGS – BASIC FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS

EXTRACLASSROOM ACTIVITY FUNDS

JUNE 30, 2023



INDEPENDENT AUDITORS' REPORT

To the President and the Other Members
of the Board of Education of the
Scotia-Glenville Central School District
Scotia, New York

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying statement of assets and liabilities arising from cash transactions of the Extraclassroom Activity Funds of Scotia-Glenville Central School District (the District) as of June 30, 2023, and the related statement of revenues collected and expenses paid for the year then ended, and the related notes to the financial statements.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances of the Extraclassroom Activity Funds of the District as of June 30, 2023, and the revenues collected and expenses paid for the year then ended, on the basis of accounting described in Note 1.

Basis for Qualified Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. Insufficient accounting controls are exercised over cash receipts at the point of collections to the time of submission to the Central Treasurer. Accordingly, it was impracticable to extend our audit of such receipts beyond the amounts recorded.

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

WEST & COMPANY CPAs PC

Gloversville, New York
October 2, 2023

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

JUNE 30, 2023

ASSETS	
Cash	\$ 110,787
TOTAL ASSETS	<u>\$ 110,787</u>
LIABILITIES AND CLUB BALANCES	
Club balances	\$ 110,787
TOTAL LIABILITIES AND CLUB BALANCES	<u>\$ 110,787</u>

See notes to financial statements.

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
STATEMENT OF REVENUES COLLECTED AND EXPENSES PAID
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Balance</u> <u>July 1, 2022</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2023</u>
Middle School				
Student Council	\$ 5,584	\$ 3,309	\$ 3,822	\$ 5,071
Yearbook	1,503	0	0	1,503
Holiday	832	0	500	332
Honor Society	937	0	770	167
Library	2,626	0	0	2,626
Misc.	67	0	0	67
Ski Club	1,775	5,500	6,810	465
Study Circles	337	0	0	337
GIVE	5	0	0	5
8th Grade	2,106	9,410	9,900	1,616
Drama Club	18,562	11,659	7,761	22,460
FCCLA	372	0	0	372
Science Club	2,434	0	0	2,434
Total Middle School	<u>37,140</u>	<u>29,878</u>	<u>29,563</u>	<u>37,455</u>

See notes to financial statements.

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF REVENUES COLLECTED AND EXPENSES PAID – (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Balance</u> <u>July 1, 2022</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2023</u>
Total Middle School (from previous page)	\$ 37,140	\$ 29,878	\$ 29,563	\$ 37,455
Senior High School				
Acropolis	7,201	6,291	5,081	8,411
Art Club	55	149	0	204
Basic	1	0	0	1
Class of 2022	359	0	359	0
Class of 2023	4,033	3,119	6,752	400
Class of 2024	571	30,319	30,185	705
Class of 2025	1,067	302	0	1,369
Class of 2026	0	258	0	258
Chamber Orchestra	989	0	0	989
Choralaires	4,886	4,135	4,087	4,934
D.E.C.A	3,502	1,784	2,185	3,101
Drama Club	23,441	31,223	27,600	27,064
French Club	625	460	451	634
French Travel Club	337	0	0	337
F.B.L.A	3,567	1,741	1,700	3,608
German Club	719	0	100	619
German Exchange Club	2,491	0	0	2,491
Journalism Club	1	0	0	1
National Honor Society	1,651	2,098	3,209	540
National English Honors	44	458	265	237
SADD	50	0	45	5
Tartan Mart	5,848	221	3,763	2,306
Ski Club	3,180	22,201	22,683	2,698
Spanish Club	639	230	356	513
Spanish Travel Club	1,759	0	1,643	116
Student Senate	4,996	6,136	7,207	3,925
Tartan Band	795	600	350	1,045
Varsity Club	2,723	3,988	3,381	3,330
Undivided Interest	158	78	0	236
SNAC	2,311	0	0	2,311
Tri M	901	476	487	890
Young Entrepreneurs	159	646	751	54
Total Senior High School	<u>79,059</u>	<u>116,913</u>	<u>122,640</u>	<u>73,332</u>
TOTALS	<u>\$ 116,199</u>	<u>\$ 146,791</u>	<u>\$ 152,203</u>	<u>\$ 110,787</u>

See notes to financial statements.

SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Extraclassroom Activity Funds (the Fund) of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions, and the designation of student management. Separate financial statements are issued for these funds. The District also reports these funds in its financial statements within its Custodial Fund.

The accompanying financial statement of the Scotia-Glenville Central School District's Extraclassroom Activity Fund has been prepared on the cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles. Under that basis, the only asset recognized is cash, and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements, and noncash transactions are not recognized. The cash basis differs from generally accepted accounting principles primarily because the effects of receivables outstanding from fundraising activities and obligations for expenses unpaid at the date of the financial statement are not included in the financial statement.

NOTE 2 – MANAGEMENT LETTER

The management letter items for the Extraclassroom Activity Funds are included in the management letter associated with the basic financial statements.